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To: FINTestimony  
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**SB254**

Submitted on: 3/17/2015

Testimony for FIN on Mar 19, 2015 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Amy Brinker	Individual	Support	No

Comments:

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**LATE**

TESTIMONY BY WESLEY K. MACHIDA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 254, S.D. 1

March 19, 2015

RELATING TO THE BUDGET

Senate Bill No. 254, S.D. 1, amends Section 37-68, HRS, and requires the six-year program and financial plan and budget documents to include a summarized estimate of operational costs for proposed capital improvement projects (CIP) and a summarized estimate of deferred maintenance costs for buildings, facilities, or other improvements. Currently, departments with executive or supplemental CIP requests are required to submit estimated operating costs associated with each project. Estimates of deferred maintenance costs are presently not collected.

The Department of Budget and Finance has concerns with this bill. First, providing a summary of the required information will require a lot of staff time, e.g., our CIP forms will need to be modified to capture the information on deferred maintenance costs for buildings, facilities, or other improvements. Along with the information on operational costs for CIP projects, we would have to manually input the data onto excel spreadsheets in order to prepare the required summaries. In addition, this would occur toward the end of the budget preparation cycle, when there is a time crunch to put the budget document together.

Secondly, while the information could be useful, it may not have a direct correlation with the Executive Budget request and may not have a practical use in evaluating the need for the project.

Finally, we have concerns regarding the accuracy and consistency of the information that will be provided due to the difficulty in obtaining or estimating such costs.

We defer to the individual departments regarding the effort needed to obtain the information required to comply with this measure.